

TCC Special Report

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The Uninsured

Nationally, the uninsured population has grown substantially over the past twelve years. In 1999, 42.6 million Americans (or 15.5 percent of the total population) lacked health insurance. The good news is that this number represents a decrease of 1.7 million uninsured individuals from the year before when the number of uninsured Americans reached an all-time high of 44.3 million people. This decline is largely attributed to the strength of the economy and a resulting increase in the number of individuals covered through employer-sponsored insurance. Despite this positive news, however, the fact remains that large segments of the population are without health insurance. For many years, even while the

economy was thriving, the number of individuals who lacked health insurance continued to grow – by an average of roughly one million people per year since 1987.

The growth in the numbers of uninsured individuals over the past decade is largely explained by a decline in employer-sponsored health coverage. During the first part of the decade (1989-1993), the percentage of individuals who received health coverage through their employers decreased from 66% to 60%. This decline has been attributed to an increase in the cost of health care and a subsequent rise in insurance premiums, in conjunction with changing workforce trends. There has been a shift from manufacturing to service jobs, which are often low-wage and part-time. Although employer-sponsored insurance has actually increased somewhat since 1994, along with the strengthened



economy; until just this past year, this increase had not been enough to offset the earlier declines. There has also been a decrease in Medicaid enrollment in recent years which has been attributed in part to the uncoupling of cash assistance with Medicaid that came about with the passage of welfare reform legislation. Families that are no longer on the welfare rolls often do not realize that they may still be eligible for Medicaid.

While the large numbers of uninsured is clearly a nation-wide problem, here in Arizona the situation is especially disturbing. Second only to Texas in the number of uninsured, 21 percent of Arizonans lacked health insurance in 1999. Even more troubling, we're first in the nation in the percentage of uninsured children, with 300,000 Arizona children lacking health insurance despite the enactment of KidsCare, our State Children's Health insurance (SCHIP) program. This is an embarrassing distinction that will require strong leadership and bold action to correct. Although steps have been taken in recent years to increase access to health care, such as the enactment of KidsCare and the Premium Sharing Demonstration Program, the State Legislature has virtually ignored other opportunities, even those expressly supported by the voters, to take broad-based action to improve access to health care for many of Arizona's citizens whose healthcare needs still go unmet.

Nearly 43 million people in the U.S. lack health insurance; that's about one in every six Americans.
Current Population Survey (CPS), March, 2000

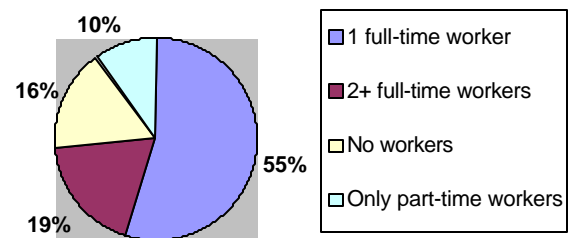
Who are the Uninsured?

The profile of the *typical* uninsured individual is probably somewhat different from what you may have thought. The majority of the nation's uninsured are adults from working families with at least one full-time worker, have a family income that is higher than the federal poverty level, work in medium-size or large businesses and are not considered to belong to a racial or ethnic minority group. Various characteristics do, however, increase one's likelihood of being uninsured, and those characteristics are listed below.

Income Level / Poverty— As one might expect, the likelihood of having health insurance coverage rises along with increases in income level. Among people who live in households with annual incomes of less than \$25,000, 24 percent were without health insurance. On the other hand, only eight percent of individuals who live in households with an annual income of \$75,000 or more lack health insurance.

Employment— Eighty-four percent of uninsured individuals are employed, or live in families with an individual in the work force, but have low-wage or part-time jobs that don't offer health insurance. Many low-wage workers find that insurance is either not offered through their employers or is prohibitively expensive. Only 16 percent of uninsured individuals are not in the workforce. Those individuals with very low incomes or no income are more likely to be eligible for Medicaid and therefore often have access to health coverage that is not available to the working poor. This income group that makes too much to be eligible for Medicaid but not enough to be able to afford private insurance is often referred to as the "notch group."

Distribution of Uninsured by Family Work Status



Source: The Kaiser Commission on Medicaid and the Uninsured with data from the Current Population Survey, March 1999.

Race / Ethnicity— In 1999, 33 percent of Hispanics lacked insurance, while 12 percent of white, non-Hispanics were without health insurance. *Low income* (those making less than 200 percent of the federal poverty level) Hispanics have the highest rate of uninsurance among all ethnic and racial groups, with 53 percent lacking health insurance, according to a March 2000, Kaiser Family Foundation report. Native Americans were also less likely to have health insurance than other racial groups, based on a three-year average (1997-1999), with 27 percent lacking health insurance, compared with 22 percent of Blacks, and 21 percent of Asians and Pacific Islanders.



What are the Health and Economic Costs?

When large segments of the population lack health insurance there are significant economic, as well as health costs. Individuals without insurance often obtain their healthcare in emergency rooms, which is more expensive than receiving care in a physician's office. In addition, the health problems of the uninsured have often become serious by the time they have sought care and are consequently more expensive to treat. These costs are then shifted to hospitals and insurers who then pass the costs along to consumers in the form of higher premiums.

Of course, the health and human costs for those lacking insurance are immeasurable. The newborn infants of uninsured women are at a 31 percent greater risk of being born with adverse health outcomes, including low birth-weight, which is a major cause of physical disability, mental retardation, and other costly health problems. The uninsured often forego routine preventive care which increases the risk of heart attacks and death from cardiovascular disease. According to a study reported in the New England Journal of medicine, at the time of diagnosis, uninsured women were found to have significantly more advanced breast cancer than insured women, and the death rate was 49 percent higher for uninsured women during the four to seven years following diagnosis.

How Does Arizona Compare?

In 1999, 21 percent of Arizonans were without health insurance. This number, although it is six percentage points above the national average, represents a decrease of three percentage points over last year's high of 24 percent lacking health coverage. A 1999 Urban Institute Report, *Health Policy for Low-Income People in Arizona*, attributed Arizona's high rate of uninsured individuals to several factors:

The Economy – While Arizona’s economy has been quite robust in recent years and the unemployment rate very low, many of the new jobs that have been created are in the service sector. These jobs tend to be low-paying and often do not include health benefits.

Demographics – Arizona has a large Hispanic population and a large Native American population, relative to the national average. Both of these ethnic groups, as indicated above, have substantially higher than average rates of uninsurance.

AHCCCS Eligibility – Arizona’s Medicaid program, the Arizona Health Care Cost Containment System (AHCCCS) is not particularly generous. Currently, to qualify for AHCCCS, a recipient’s net income must not exceed 34% of the federal poverty level (FPL). This low-income threshold for eligibility virtually excludes the working poor, who are at the greatest risk of being without health insurance coverage.



What’s Being Done to Help?

Thanks to the voters of Arizona, **Proposition 204** (also known as **Healthy Arizona Initiative II**)

passed last November. This initiative calls for the use of tobacco settlement monies to expand AHCCCS eligibility so that those earning up to 100% the FPL will receive health care coverage. Prop. 204 will also provide funding for a variety of health related programs, including Teen Pregnancy Prevention, Health Start, Healthy Families, Arizona Area Health Education Centers, Women, Infants and Children (WIC) food programs and disease control research. It should be noted, however, that the Arizona voters passed a similar initiative by an overwhelming margin in 1996, but the State Legislature never authorized the funds to allow the change to be implemented.

KidsCare provides health insurance for many children who live in families that make less than 200% of the federal poverty level (FPL) and are not eligible for AHCCCS. According to a May 2000 report from Children’s Action Alliance, *Make Kids Count, Closing the Gap in Children’s Health Coverage*, an estimated 80% of Arizona’s uninsured children are eligible for either AHCCCS or KidsCare but are not enrolled. Fully enrolling eligible children would substantially reduce the numbers of uninsured, thereby expanding access to quality health care. Currently, AHCCCS is prohibited from contracting with schools to provide outreach and information, and efforts to remove this prohibition have failed to pass the Legislature. Legislation has again been introduced this session that would expand outreach efforts to schools. Every opportunity should be taken to reduce the large numbers of uninsured children in Arizona and expanding outreach and educating families about KidsCare is vital to that effort.

The **Premium Sharing Demonstration Project** was created as a three-year pilot program to enable families that do not meet AHCCCS eligibility requirements, but who have incomes of less than 200% of FPL, to obtain low-cost health insurance. Currently this program is only offered in four counties: Maricopa, Pima, Cochise and Pinal, and if the Legislature does not act to extend the program, the pilot period will expire in September of this year, thus ending the program. Legislation has been introduced this session that would make the program permanent and expand it statewide. In addition, it would increase the income eligibility level to 250% of FPL. If this legislation passes, in combination with the expanded AHCCCS eligibility enabled by Prop. 204, increased numbers of Arizona’s working poor will have access to low-cost insurance coverage.

Tempe’s Uninsured

Although the exact numbers are not known, we do know that Tempe, like all of Arizona’s communities, is home to a substantial number of people who are without health insurance coverage. Although the problem will not be fully resolved without

bold action from the state or federal levels of government, there are several programs in Tempe that help to fill the gaps in access to health care for the uninsured.

Tempe/Kyrene Communities In Schools (CIS), a project of Tempe Community Council, has recognized that access to quality health care, regardless of one’s insurance status or income level, is vital to ensuring the long-term health of communities. Through on-going discussions with parents, schools and other community members, CIS administrators learned that many low-income children were missing school because of illnesses that could have been easily treated had health care been accessible to the children. To combat this problem, CIS formed a partnership with ASU’s College of Nursing, Tempe St. Luke’s Hospital, and the Tempe Elementary School District to develop the **Scales Health and Wellness Center**. The Center, which is funded exclusively through private donations, has been in operation for just over a year and serves Scales’ students and their younger siblings. While the Center is currently run out of Scales Professional Development School, this summer it will be relocated to the Westside Multigenerational Facility and

services will be available to all children in the surrounding neighborhood. The Center is staffed by a Certified Pediatric Nurse Practitioner who is able to provide a variety of health services, including performing physical examinations, giving immunizations, diagnosing and treating acute childhood illnesses and managing chronic illnesses, such as asthma. Usage data for the first year of operation show that the Center has been administering to a population whose health care needs had been previously unmet. As the table below indicates, 62% of the children who received health services did not have any form of health insurance coverage.

Insurance Status of Children Who Received Services at Scales Health and Wellness Center January – December 2000		
Type of Coverage	Number of Children	Percent of Total
No Insurance	205	62%
Private Insurance	62	19%
KidsCare	15	5%
AHCCCS	24	7%
Other	23	7%
Total	329	100%

The Scales Health and Wellness Center has been honored as the recipient of the proceeds from the 2001 Tempe Governor's Ball. Additional funding has come from St. Luke's Health Initiatives, Arizona Public Service, Motorola, Arizona Cardinals Charities, the Kiwanis Club of Tempe, the Society of Friends, and Borders Books of Chandler.

In addition to the Scales Health and Wellness Center, the uninsured and underinsured are able to receive services through **"TACH"** or **Tempe Alliance for Community Health** which is located at the Escalante Community Center. TACH is a coalition of health, human service and education organizations in the community who have come together to address the unmet health needs of Tempe's children. Like the program at Scales, children and their families receive health services through a nurse practitioner. A bilingual social worker is also available on site. A Health Start program is offered through TACH as well. This program provides outreach to at-risk pregnant woman and continues to provide pre and post natal services for up to two years. TACH also offers free immunizations for children twice a month and sponsors several community health fairs each year.

Last Fall, **Mission of Mercy**, a mobile medical van staffed by volunteer doctors, nurses and translators, began providing health services for the uninsured at University Presbyterian Church in Tempe. Services are offered from 8:30 a.m. to 4:30 p.m. on the 2nd and 4th Tuesdays of each month. Patients may receive basic medical care, occasional minor surgery and non-narcotic prescriptions for free. In addition, X-rays and lab tests are provided by Sonora Quest Laboratories and Mercy Healthcare Arizona. Patients who need to see a specialist are referred to other doctors who volunteer to see patients in their offices.

BOTTOM LINE

Clearly, health is fundamental to our ability to be happy, productive citizens and far too many of us in Arizona and here in Tempe go without basic medical care. Uninsured children often fall behind in school because of illnesses that if caught early could have been easily treated. Uninsured families are at risk of facing financial disaster if a member is struck with a catastrophic illness. Many people delay or go without life-saving and life-enhancing treatments because they lack insurance. This issue affects us all – even those with health insurance. The uninsured often must seek needed care in expensive emergency rooms and those costs are shifted to hospitals and insurers and contribute to the rising cost of insurance for us all. The costs associated with doing nothing to increase access to health care for the growing numbers of uninsured are far greater than we should be willing to accept.

We are very fortunate in Tempe to have a health care safety net available to provide services for those who would otherwise go without needed care. The programs in Tempe represent a strong commitment by community members and business leaders to make health care services available to Tempe's uninsured. These programs, though necessary, are limited in scope and are entirely dependent on private dollars to stay afloat. When illness strikes individuals shouldn't have to wonder whether and how needed care will be available, and we in Arizona should make every effort to lose the dubious distinction of being nearly first in the nation of uninsured.